



For Immediate Release

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PUBLIC BANK GROUP ACHIEVED PRE-TAX PROFIT OF RM5.31 BILLION FOR THE FIRST NINE MONTHS OF 2018

Chairman's Review

For the first nine months of 2018, the Public Bank Group continued to make business progress despite the challenging operating environment and reported a pre-tax profit of RM5.31 billion, up 2.9% from the corresponding period in 2017. Net profit attributable to shareholders rose by 5.0% to RM4.19 billion from RM3.98 billion recorded in the previous corresponding period.

The Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow said, *"In the environment marked by rising uncertainties and persistent volatility, the Public Bank Group continued to uphold profitability growth, driven largely by its organic growth strategy in its loans and deposits businesses, coupled with its strong and stable asset quality and cost efficiency. These enabled the Group to continue delivering a leading set of financial performance indicators amongst its peers, with its net return on equity standing at 14.7%, cost-to-income ratio at 33.0% and gross impaired loans ratio at 0.5%."*

For the 3rd quarter of 2018, the Group reported a net profit of RM1.38 billion. This reflects a growth of 1.6% from the operational net profit of RM1.36 billion achieved in the previous corresponding quarter, after excluding a one-off capital gain on investment of RM43 million.

Loans and Deposits Growth Remained Healthy

The Public Bank Group's market leadership position in financing for the purchase of residential property, commercial property and passenger vehicles continued to drive the Group's interest income. In the first nine months of 2018, total gross loans rose by an annualised rate of 4.4% to RM314.5 billion. Domestic loans grew at similar pace at an annualised rate of 4.4% to RM291.6 billion.

On the funding side, the Public Bank Group continued to uphold resilient growth in deposits. Total customer deposits grew at an annualised rate of 6.5% to RM334.9 billion, while domestic deposits rose by an annualised rate of 6.3% to RM307.0 billion.

Tan Sri Teh commented, ***“As a result of this performance, coupled with the Public Bank Group’s prudent liquidity management, the Group sustained a healthy gross loan to fund and equity ratio of 79.4% as at the end of September 2018.”***

Contribution from Non-interest Income

In the first nine months of 2018, the Public Bank Group’s non-interest income was largely driven by the Group’s unit trust business, banking transactional income and foreign exchange related business.

Tan Sri Teh said, ***“Public Mutual, the Public Bank Group’s wholly-owned unit trust management subsidiary, remained the largest contributor to the Group’s non-interest income. For the first nine months of 2018, Public Mutual recorded a pre-tax profit of RM509 million, 5.3% higher as compared to the same period last year. As at the end of September 2018, with a total of 146 unit trust funds under management representing net asset value of RM83.4 billion, Public Mutual captured a significant retail market share of 40.6%, sustaining its top ranking in the domestic private unit trust industry.”***

Continued Disciplined Cost Management

The Public Bank Group’s cost-to-income ratio continued to stand at an efficient level of 33.0% in the first nine months of 2018, as compared to the industry’s cost-to-income ratio of 44.8%.

Tan Sri Teh added, ***“Amid rising cost pressure, the Public Bank Group has been able to sustain the lowest cost-to-income ratio as compared to peers. This testifies to the Group’s ongoing effective measures in driving cost efficiency. This has also enabled greater capacity for the Group to pursue its growth strategy.”***

Strength in Asset Quality Maintained

As at the end of September 2018, the Public Bank Group continued to sustain a low gross impaired loans ratio at 0.5%. Despite its strong asset quality, the Group maintained a high loan loss coverage of 110.2%. Including the regulatory reserves of RM2.0 billion, the loan loss coverage was at 235.8%.

Tan Sri Teh highlighted, ***“While the Public Bank Group is faced with intense competition in growing its financing portfolio and has always strived for sustained profitability growth, the Group has always emphasised on maintaining strength in its asset quality.”***

Overseas Operations

For the first nine months of 2018, the Public Bank Group’s overseas operations contributed 9.5% of the Group’s overall pre-tax profit. Public Financial Holdings Limited Group in Hong Kong and Cambodian Public Bank Plc remained the largest contributors to overseas operations profit.

Tan Sri Teh added, ***“For the first nine months of 2018, excluding the effect of foreign***

exchange, the Group's overseas operations achieved a pre-tax profit growth of 8.8%. In particular, Cambodian Public Bank achieved a commendable growth of 21.3% in pre-tax profit as compared to the same period last year."

Healthy Capital Position

As at the end of September 2018, the Public Bank Group's common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio stood at 12.6%, 13.2% and 15.8% respectively.

Tan Sri Teh added, ***"Maintaining a healthy capital position will continue to be a strategic action for the Public Bank Group to support its pursuit of business growth strategy while meeting regulatory requirement."***

Group's Prospects

The macro environment has been increasingly challenging in 2018, with the GDP growth for the first half of the year moderated to 4.9%. As uncertainties linger, economic growth is expected to moderate in the short term going forward.

However, Tan Sri Teh said, ***"The Malaysian economy will continue to remain on steady growth trajectory. The domestic financial system, as the backbone of the economy, has remained resilient to support growth."***

Tan Sri Teh concluded, ***"Taking cognisance of the challenges in the operating environment, the Public Bank Group will reinforce its prudent and effective balance sheet management to sustain profitability. The Group's long term practice of cost efficiency, prudent risk management and agility to capture opportunities will continue to lead the Group for sustainable business growth."***



Y.Bhg. Tan Sri Dato' Sri Dr. Teh
Hong Piow Founder and Chairman
of Public Bank

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